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Tracts in Amer: 20. K

# CURSORY OBSERVATIONS

UPON

# DR. PRICE'S ESSAY

ON

# CIVIL LIBERTY,

PARTICULARLY RELATING TO

# SPECIE AND PAPER CURRENCY;

BY WHICH

Several of his POSITIONS are proved erroneous,

AND

Moſt of his DEDUCTIONS utterly fallacious.

Publiſhed with a View to remove the Prejudices which might affect the Minds of uninformed Readers, from a too ready Aſſent to his Doctrine.

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— — — *Quumque habeas plus*
*Pauperiem metuas minus.* HORACE.

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MDCCLXXVI.

*Curſory Obſervations upon Dr.* PRICE's *Eſſay on Civil Liberty, particularly relating to Specie and Paper Currency.*

IN times like the preſent, when the moſt gloomy proſpects are held up to view upon our entrance into a war, it would be well to examine whether too much ſhade is not thrown upon the picture, and in ſober reflection to call, each man, his underſtanding to his aid—without paying a deference to the implied abilities of any ſcholaſtick writer, who may deduce conſequences from undigeſted poſitions equally fallacious and gloomy.

Under ſuch an impreſſion, and with a view to chaſe from the minds of credulous perſons thoſe melancholy thoughts which will ariſe from too implicit a belief of ſome of the aſſertions contained in Dr. Price's pamphlet, and the unfavourable deductions drawn from them, I have attempted, with great diffidence, to ſhew, that in thoſe paſſages which relate

to Coin and Paper currency, there are ſeveral poſitions unſupported by proof, which have no foundation in fact; and that all conſequences drawn from ſuch premiſes are not to be eſtimated as real, but merely imaginary.

Public credit indeed is of too ſerious a nature to be ſported with by every pen—and however well intended and ingenious many of the Doctor's arguments may be, it makes but little difference in reſpect to the miſchiefs ariſing from ſuch miſrepreſentation, whether the public ſuffers by the deſigning clamour of a diſappointed Patriot, or the miſguided pen of a well-meaning ſcholar.

I will firſt quote thoſe aſſertions which I think falſe; remark upon them, and endeavour to convince the candid reader, that the dangers ſo ſhockingly deſcribed by the Doctor as ſeemingly near at hand, are nevertheleſs at as great a diſtance as can well be imagined.

In page 74, *& ſeq.*—under the head of the Policy of the War with America—He has introduced Specie and Paper Currency in their comparative relations and eſtimates to ſupport his arguments againſt the Policy

of

of War in general, deduced from the extravagant expence, and the Diſtreſſes conſequent upon an increaſe of paper circulation.

His definition of paper is this, that as gold repreſents commodities, ſo "paper repre- "ſents coin; *i. e.* Paper is a repreſentative "of a repreſentative, or a ſign of a ſign."

He might have called it, the ſhadow of a ſhade, unſubſtantial, ideal, "founded in "opinion, cruſh'd by the ſmalleſt ſhock."

After theſe obſervations, he proceeds thus, "Coin is the *baſis* of paper credit; and if "deſtroyed, or reduced within a certain "limit, paper circulation would ſink of "courſe." Again.

"Paper, being deſtroyed, coin would riſe "in value."

I ſhall take no more of the Text, but will deſcant a little on the foregoing obſervations of his; and attempt to ſatisfy my readers, in direct oppoſition to what the Doctor advances, that,

1. Paper currency is not merely a ſign of a ſign, a repreſentative of a repreſentative, or ſhadow of a ſhade; but that paper has a much larger ſcope in its repreſentative capacity than mere coinage.

2. That therefore coin cannot be excluſively called the *Baſis* of paper; but that every article of property, repreſented by paper, has the ſame right to that term; and of courſe, the baſis of paper differs according to the ſubject of property ſignified by that paper. Coin may be the baſis of ſome paper; land or ſtock, of other paper.

3. That if coin was deſtroyed, or reduced within a certain limit, paper circulation would be ſo far from ſinking, that it would of neceſſity ſpring up and flouriſh.

4. That paper, if deſtroyed, would be ſo far from increaſing the price of coin, that it would have the direct contrary effect.

It is not convenient to me, in point of leiſure, to take notice of more than the above: If I prove theſe aſſertions, I ſhall prove enough to ſhew, that the greateſt geniuſes, out of their own particular line of ſtudy, may commit very great and flagrant errors; the more miſchievous, in proportion to the greater eminence of the literary abilities of the writer. But in method I muſt make it appear, that paper is not merely the ſign of a ſign,

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which the Doctor repreſents, but that it has, in its repreſentative capacity, a much larger ſcope than meer coinage.

I will lay down ſome propoſitions very ſimple, and that muſt be readily aſſented to, and then make my deductions.

1. Property, in its general idea, includes the whole of a man's poſſeſſions, whether in commodities, in land, or in Tenements; and is uſually diſtinguiſhed under the Terms of Perſonal and Real property or effects.

2. Gold is a commodity.

3. That all commodities have a relative value, formed from the proportion of each to the other; which proportions are uſually aſcertained in market-places or upon exchanges.

4. That gold, from certain intrinſic qualities, being the moſt handy, has been adopted as the propereſt for coinage, by which, as upon a ſcale, we eſtimate the preciſe value of every commodity, and with which we uſually pay for all our purchaſes.

5. Paper is a repreſentation of gold, or coinage, and is made uſe of from ſimilar principles of convenience.

6. But

6. But paper is not alone the repreſentative of coin; it repreſents alſo, property of every kind, and is in fact no more than a readier conveyance; witneſs, deeds, bills of exchange, conveyances, properly ſo called.

7. Whilſt theſe conveyances are made for real property, whether in caſh, goods, chattels, lands, tenements, &c, they are ſubſtantial.

From the foregoing poſitions it is clear to me, that all paper which has value for its object, is ſo far from being a ſign of a ſign, that it is a ſure and evident ſign of a ſubſtance; a ſubſtance that will anſwer to the amount of that paper, if brought to public market. Such are all deeds, mortgages, and, I will add further, ſuch are Bank paper, and the general run of bills of exchange.

What then becomes of the Doctor's idea of viſionary property? Unleſs he proves, that more paper is current than there is property to anſwer it. A difficulty which, with every advantage of calculation, he will not be able to get over.

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On the contrary, it will appear in proof, that at the preſent period there is not ſo much paper as might be admitted. And, much to the credit I ſpeak it of the governor and directors of the Bank, we are, as a nation, by the prudent reduction of paper ſince 1772, at this time in a capacity to enter on a war, without any ſhock to our national credit. — But of this in the ſequel.—I proceed. — In proving that paper repreſents property, I have made good my ſecond aſſertion, that coin was not the only baſis of paper.

I ſhall only enumerate upon this head, the evils that would accrue to ſociety from the oppoſite doctrine – That paper repreſents coin alone, and not property. – But I need not urge this, the Doctor has done it for me; he ſees all the gloomy conſequences of falſe capitals, and imaginary riches. Indeed he ſees right. Where no real property is repreſented by paper, and this paper increaſed to a great degree, all muſt become bubble and inſtability. But thanks again to thoſe gentlemen who have timely prevented all ſuch fatal conſequences; who, I will take upon

me to aſſert it, are ever careful that no paper receives their ſanction, but ſuch as has real property to back it.

The evils from bad paper, are ſuch as give riſe to luxury and expence, to the diminution and exportation of coin, and to bankruptcy and ruin.

But will Dr. Price ſay, flouriſhing as we now are in our reſpective properties, paper circulation reduced within narrow bounds, that upon the entrance of this war we have no proſpect but of ruin? Is there a fatal neceſſity compelling the Bank direction to traffick in bad paper for the ſupply of government? I will anſwer, there is no ſuch neceſſity: And I will add, that there is as true a criterion by which to judge of the proper *quantum* of paper to be admitted in the market, as there is a ſtandard for the regulation of the quality of gold itſelf. Surprizing as this may ſeem to many who have not made theſe matters their ſtudy, and to ſome who have, it is nevertheleſs true; and this criterion, or ſtandard for paper, is no more or leſs than the *price of gold*, and the ſtate of the exchanges; two circumſtances

ſtances, in ſubjects of this kind, ever to be attended to – they are elementary principles; and in all caſes it may be depended upon, that where the price of gold exceeds the rate for coinage, or that the foreign exchanges are in our disfavour, that, under each of theſe circumſtances, the paper is too much increaſed, and the balance of trade too ſtrongly againſt us. But this leads me to the diſcuſſion of my third and fourth aſſertions — directly oppoſite to thoſe of Dr. Price. I repeat his, *viz.* "The deſtruction "of coin (he ſays) muſt prove the deſtruc- "tion of paper." Again, "By the deſtruc- "tion of paper, coin muſt riſe in value." To both theſe poſitions I refuſe my aſſent, and aſſert the contrary. Let the reader judge between us.

If the reduction of coin to a certain degree, or its total deſtruction, is attended with an utter extinction to paper, I will enquire how happens it in America at this preſent time that paper is the only coin current? By the Doctor's rule paper ſhould be deſtroyed; but we do not find this to be the caſe: or does he mean that American paper is entirely ideal

and worthleſs — as he is fit to repreſent the paper of this iſland? There are many who will in this reſpect be of his opinion. But ſhould America be as independent as we are in this Country, I will ſuppoſe that even American paper repreſents property, and in that caſe the paper would be ſubſtantial; and as value has been parted with by thoſe who are in poſſeſſion of that paper, ſo value would be reſtored to thoſe proprietors on their application in due time.

For my own part, I cannot form a ſingle conception in what manner buſineſs or traffic of any kind can be carried on where no coin is to be procured without the intervention of paper. I leave it to the Doctor's ſagacity to point out ſome other ſubſtitute for the diſpatch of buſineſs, and muſt own my curioſity on this head is not a little excited to know what that ſubſtitute can be.

But he adds, the deſtruction of paper will raiſe the value of coin. I find no proof for this aſſertion, nor any foundation upon which proof can reſt. On the other hand, I obſerve that coin (or, I will call it by its proper name, gold)

gold) is a commodity, and liable to every change in value in common with every other commodity.–That the value or rate of commodities being aſcertained by the proportion each commodity bears to another, it follows, that where there is a ſcarcity of any one commodity, the ſame will riſe in value – and *vice verſa* – where there is a redundancy of any one commodity, the ſame muſt decline in value.–Daily experience teſtifies the truth of this poſition.—To apply theſe obſervations– where there is much money at market, though it be paper currency, yet, being eſtimated as real value, it follows that commodities muſt riſe in their price from ſuch a redundancy of paper.

On the contrary, where there is little paper or money at market (and where there is a reduction of paper there cannot be much) commodities will fall in their price.

In the firſt inſtance, a redundancy of paper will have this effect at market or on the exchange, *viz.* that a larger quantity of it muſt be given for certain quantities of ſtaple commodities.

Whilſt

Whilſt a deficiency of paper can produce no other effect than this, that commodities to be purchaſed muſt be bought for leſs ſums, in proportion as there is leſs money in the market: and as gold partakes of all the viciſſitudes of other commodities, ſo in this particular inſtance, it will, upon the reduction of paper, be ſold as other commodities are, *viz.* cheaper; or, in other words, more will be given for money.

Is it poſſible for any thing to be plainer than this?—Where there is much money, whether paper money or coin, there goods and proviſions will ſell dear.—Where there is but little money, there they muſt ſell reaſonable.—Every market-place will teach us this.—To argue is needleſs.

Experience adds the moſt convincing teſtimony. Let us hear its evidence, and turn to the year 1771 or 2, when paper currency flowed in upon us through every channel. When taking advantage of the high exchanges, the Dutch, Scotch, and Jews loaded the banker's drawers with their created paper —for the purpoſes of ſpeculation and of plunder,

plunder, to ſupport extortioners by monopolies—and thieves, by draining away our coin.—A period, when, indeed, paper was as a mountain in reſpect of bulk, threatening ruin and devaſtation to all beneath its tottering head.

To refer then to this criſis of our paper credit, how will the argument ſtand between us? According to the Doctor's aſſertion, by the vaſt increaſe of paper, coin or gold ſhould decreaſe in value. Did it do ſo at that Time? The fact turns out directly otherwiſe. The price of gold at that period was nearly 4*l.* 1*s.* *per* Ounce. The ſtandard at 3*l.* 17*s.* 10*d.* So that argument is juſtified by experience, ſince we have ſeen, and that lately, that coin roſe much in value when there was the greateſt quantity of paper in the market.

If we examine into the effects produced by the extirpation of paper, upon gold and commodities, experience proves the very contrary to Dr. Price's aſſertions; inſomuch that immediately after the ſalutary reduction of paper, *anno.* 1772, the price of gold lower-

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ed to 3*l.* 17*s.* *per* ounce—whereas, according to his ideas of the matter, it ought to have advanced in price.

I think I have fairly proved the aſſertions I made in my outſet, that paper now current is not merely a ſign of a ſign—but really repreſentative of ſubſtantial property, and that conſequently no danger is to be apprehended from its circulation—that there is room for more in the market—that it is capable of being governed by fixed rules and criterions, ſo as to prevent the evils ariſing from an immoderate flow of accommodative paper—at the ſame time that, by its means, a ready aſſiſtance can be given to government by occaſional advances upon ſuch pledges as government offer, and merchants or Bank directors think proper to lend upon.

If Bank notes were viſionary, iſſued out without property ſome-where depoſited as a pledge to the Bank correſponding to the nominal value of ſuch notes, then much miſchief might be expected. But upon every enquiry I can make, I cannot find any note iſſued without correſponding ſecurity. If

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to government — government ſecurities are pledged, certain duties ariſing from taxes or levies of one kind or other are made over. The idea of property ſtill is annexed to the paper—and ſuch loans are in the abſtract no more than the anticipation of property, paid to government through the medium of paper, ſome little time before the property was due or receivable.

With reſpect to merchants and diſcounts, the caſe is the ſame—and the trade carried on by the Bank and bankers fair and equitable, whilſt regulated by that criterion and ſtandard of paper *quantum* which I have before deſcribed.——The Bank note iſſued for a diſcounted bill is, in every point of view, ſubſtantial paper—the property appertaining to the various parties mentioned in ſuch bills being amply ſufficient to juſtify ſuch an advance, or loan, from the direction upon ſuch ſecurity.

I have ſaid the more upon Bank notes, becauſe I have, with concern, ſeen many who, not underſtanding the nature of money tranſactions, have been dupes to their own ſuſ-

picion and timidity, or to the artful repreſentations of deſigning men under a mark of patriotiſm.

And I have treated the ſubject upon leading principles, not taking into account the validity of the Bank itſelf, as a trading company. But if this conſideration be added to the other arguments, we ſhall find that, in their trading capacity, they have accumulated aſtoniſhing riches. If the private banking buſineſs has anſwered well to individuals, what rate is there ſo high at which we may not eſtimate the ſuperior ſavings of the Bank of England, poſſeſſed, as it is, of advantages ſo much beyond thoſe of any individuals whatſoever.——Surely this conſideration alone, were ſufficient to cure the timorous of their unwarrantable ſuſpicion reſpecting the validity of Bank paper, or the dangers threatened by a run upon the Bank.

I have proved, by a glance at America, that paper circulation will exiſt where coin is deſtroyed — and I have proved, that the price

price of coin, or gold, will be reduced in proportion to the reduction of paper: and it is from this laſt argument–that I deduce is as a neceſſary inference from the preſent price of gold, that the quantity of paper now in the market is ſo much leſs than might be admitted—as the price of bullion is below that of ſtandard gold.

In ſhort, gold and paper riſe and fall together—and there is a line of limitation, beyond which neither ſhould be ſuffered to riſe; and this line of limitation is the price of ſtandard, and the equality of exchange.

When too much paper comes upon the market, it will ſerve to raiſe the value of gold above its intrinſic worth deſcribed by this rule of limitation.–Whilſt there is only ſo much as to keep it up to ſtandard price, no miſchief can ariſe to ſociety.

I have ſaid, and I firmly believe it, that, in caſe of need, there will be expedients ſufficient for the relief of government, without the introduction of bad paper.

Nor am I of ſo deſpairing a caſt, as to ſuppoſe that we are not able to provide, and

amply too, for vigorous campaigns.——Dr. Price has introduced the French into his pamphlet, as being more fertile of preſent expedients, and quicker recruits from the expences of war than ourſelves.—I will not enter into the argument minutely, but will content myſelf with referring to the miſerable ſituation of that people during the laſt war, when the nobleſſe of France ſubſcribed their very plate—a poor but neceſſary ſupply at that time for the maintenance of the war.

For heaven's ſake are we in ſuch a deſperate ſituation—are we likely to be ſo—if a twenty years war was to happen.

Talk of reſources, and compare ours to the French reſources; and I will aſk, what is become of all the perſonalties derived to individuals in this country from the once lucrative and ſo much boaſted trade of America; from the continual yearly influx of balances of trade in favour of our ſeparate merchants trading to Ruſſia, Germany, and all the continent; from the ſtupendous fortunes of India Nabobs? Not to mention the yearly

yearly ſavings of our manufacturers in Norwich, Leeds, Mancheſter, and numberleſs other places. Will any one talk of want of reſources with ſuch ſtrong aſſiſtances as theſe, or ſhall the miſerable poverty of French individuals be magnified into opulence ſuperior to our own.——Forbid it, ſenſe; forbid it, reaſon.

The national debt is deemed enormous. It may be ſo. But, I think, in the eſtimation of this debt the ſame error prevails as in the eſtimation of paper.——It is uſually compared with the circulating ſpecie.—From the ſmallneſs of this, and the largeneſs of the other, many horrible conſequences are drawn. ——Would it be fair in private life to eſtimate a man's riches by the money he carries about him, or lays by in his bureau?—No—in private life we make different and more rational eſtimates.—The worth or riches of a man are judged of by his poſſeſſions of all kinds.——Why ſhould we not in public concern take as wide and liberal a ground to argue upon?

If the nation at large is in debt, let us enquire what the nation has to anſwer its debt.—The riches of a nation, I apprehend much to depend on the number and the riches of the individuals which compoſe a nation.

I am ſenſible many exclaim, that the nation is in a ſtate of abject poverty, whilſt individuals are rich.——This appears to me a ſtrange doctrine—for ſuppoſing any very violent ſhock or emergency which ſhould require the payment of part of the principal debt–How is this to be effected? otherwiſe than by ſelf-conſenting taxation, ſubſcription, or contribution of individuals.–Now if upon ſuch an occaſion, individuals were under the hard neceſſity of bringing their plate or goods to market, in order to anſwer the demands of ſuch taxation, levy, or contribution——I would then agree with the foremoſt of thoſe who cry up the poverty of the nation.—— But when every one ſees and knows that the individuals in this country in general are, by commerce and induſtry, in ſuch happy ſituations, as to be able, upon emergencies, to ſubſcribe, I had almoſt ſaid enough, by

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inſtallments, to pay the whole of the national debt, without being reduced to the miſerable expedient of pledging their plate or their valuables.——I profeſs I cannot but eſteem the nation as ſubſtantially rich and opulent.

If ſuch arguments are not convincing, let us turn our eyes to the continent, and compare this nation with the neighbouring kingdoms, ſtates, and provinces :–and here we ſhall ſee that part of my doctrine verified with a witneſs, which lays down as a principle, that where little riches are, there commodities will ſell at very low rates.——Compare the price of the articles of life and the neceſſary expences of a family upon the continent, with thoſe in this iſland–and we ſhall find, that an income barely ſufficient to ſupport a family here, would enable the ſame family to live in ſplendor *there*.

To what cauſe is this owing, but to that which I have deſcribed, the much greater redundancy of money in this country than in any other upon the continent.——So that, I hope, I ſhall at leaſt gain the confidence of many well-wiſhers to their country, and con-

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vince them from the foregoing obſervations, That the idea of national poverty is not founded upon fact or argument. That our reſources are great, and nearly inexhauſtible. —That our proſpects upon entering into a war, are far from gloomy and unpromiſing, in what reſpects the raiſing ſupplies.——That the national debt, however great, is not out of proportion to the immenſe property and riches of the nation at large.——In ſhort, that we are a much happier and more flouriſhing people than can be met with throughout Europe——and therefore, in all reſpects, a ſturdy match for any adverſaries who may riſe up againſt us.

*F I N I S.*